



**Finance Committee Presentation**

**September 24, 2021**



**DANIEL DENNIS & Co**  
Certified Public Accountants

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**DANIEL DENNIS & Co**  
Certified Public Accountants

September 24, 2021

To the Board of Trustees of  
**Foxborough Regional Charter School**

We have audited the financial statements of Foxborough Regional Charter School (the School), for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 25, 2021. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the School's financial statements were:

- Management's allocation of expenditures to grants. The allocation methodology used is based on management's estimate of the equitable share of expenditures applicable to each grant. We evaluated the key factors and assumptions used to develop the allocation of expenditures in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of useful lives of fixed assets. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of treatment of non-profit component unit in Note 2 to the financial statements
- The disclosure of the deferred charge on refunding in Note 3 to the financial statements
- The contingency disclosure relating to the Coronavirus in Note 14 to the financial statements

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We will request certain representations from management that will be included in the management representation letter.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the Management Discussion and Analysis (MD&A), which is required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on *Schedule of Expenditures of Federal Awards*, which accompanies the combined financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the combined financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the combined financial statements or to the combined financial statements themselves.

Very truly yours,

*Daniel Dennis & Company LLP*

## *Summary of Audit Results*

### **Foxborough Regional Charter School**

#### ***Description***

- Audited Financial Statements
  - Component unit not included

#### ***Status***

Issued draft

#### ***Independent Auditors' Report***

- Unmodified Opinion on the Financial Statements
- No Opinion on MD&A (Unaudited Information)

#### ***Report on Compliance and Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards***

- No material weaknesses over financial reporting
- No reportable instances of non-compliance

#### ***Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance***

- Unmodified opinion on the Coronavirus Relief Fund
- No material weaknesses over financial reporting

#### ***Agreed Upon Procedures Report***

- No exceptions noted

# Foxborough Regional Charter School

## June 30, 2021

### *Financial Ratios*

Description	2021	2020	2020 Other K-12*	DESE BENCHMARK**		
				Low Risk	Moderate Risk	High Risk
<b>Current ratio</b> <i>(current assets divided by current liabilities)</i>	3.4:1	2.5:1	3.5:1	>=1.5	Between 1.0 and 1.5	< 1.0
<b>Unrestricted Days Cash</b> <i>(cash divided by (total expenses less depreciation and on-behalf)/365)</i>	197 days	166 days	101 days	>=60 days	Between 30 and 60 days	< 30 days
<b>Percentage of Program Paid by Tuition</b> <i>(tuition + on-behalf) divided by total expenses</i>	96%	96%	93%	>=90%	Between 75% and 90%	< 75%
<b>Percentage of Program Paid by Tuition &amp; Federal Grants</b> <i>(tuition + federal grants+on-behalf) divided by total expenses</i>	102%	99%	96%	>=90%	Between 75% and 90%	< 75%
<b>Percentage of Total Revenue Expended on Facilities</b> <i>(operating and maintenance plus financing expenses divided by total revenues)</i>	16%	17%	17%	<= 15%	Between 15% and 30%	> 30%
<b>Change in Net Assets %</b> <i>(changes in net assets divided by total revenue)</i>	6%	6%	5%	Positive %	Between -2% and 0%	< -2%
<b>Debt to Asset</b> <i>(total liabilities divided by total assets)</i>	0.66	0.70	0.60	< = .9	Between .9 and 1	> 1
<b>Enrollment</b>	1,688	1,658	1,575			

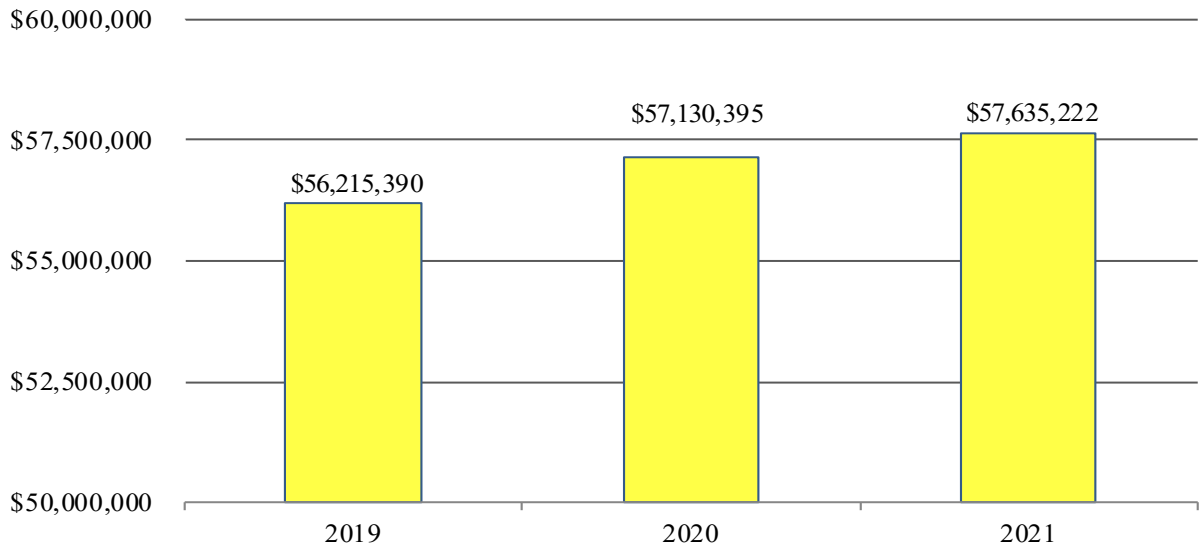
\* Data compiled using DESE's financial dashboard for five comparable K-12 MA Charter Schools for June 30, 2020

\*\* The risk levels are set by DESE

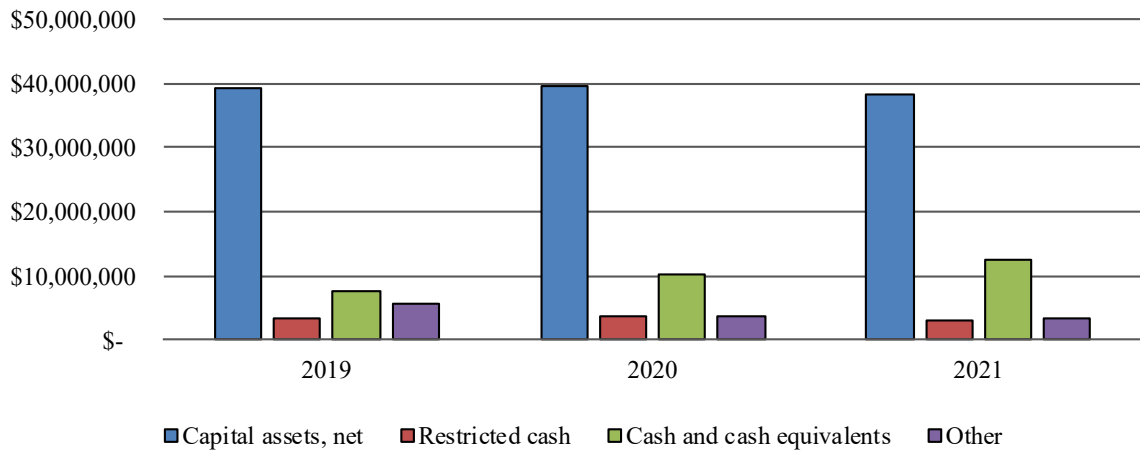
**Foxborough Regional Charter School**  
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***Historical Results***

**TOTAL ASSETS**



**ASSETS DETAIL**

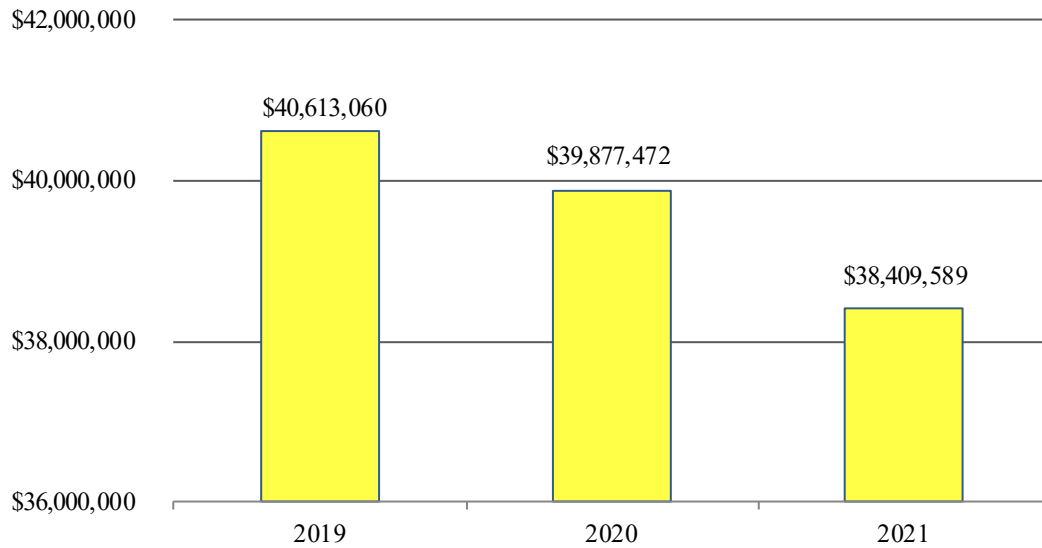




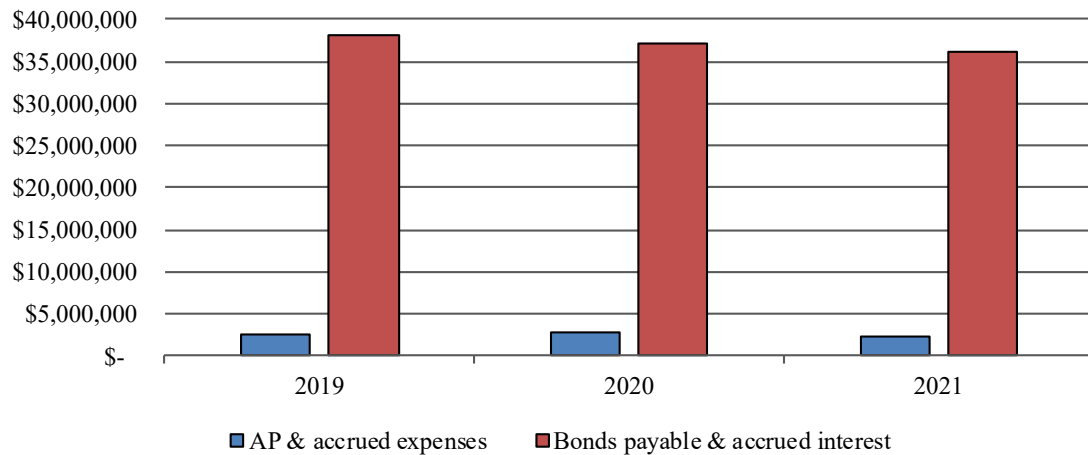
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***Historical Results – Continued***

**TOTAL LIABILITIES**



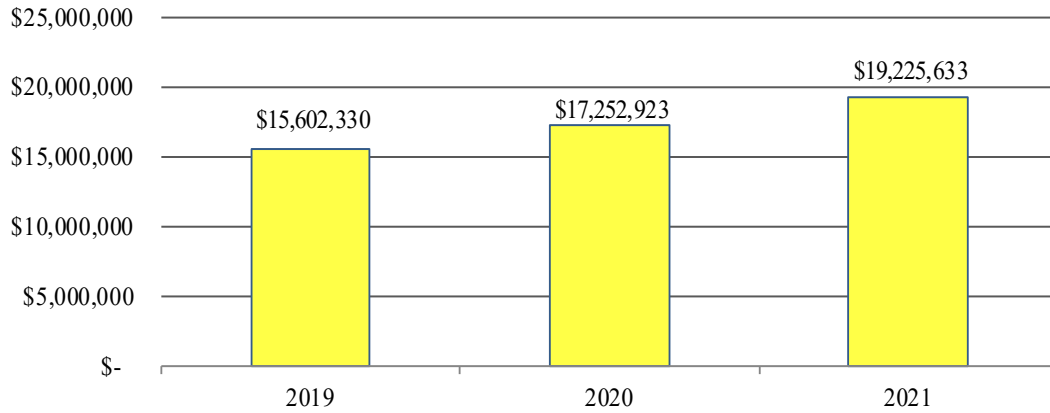
**LIABILITIES DETAIL**



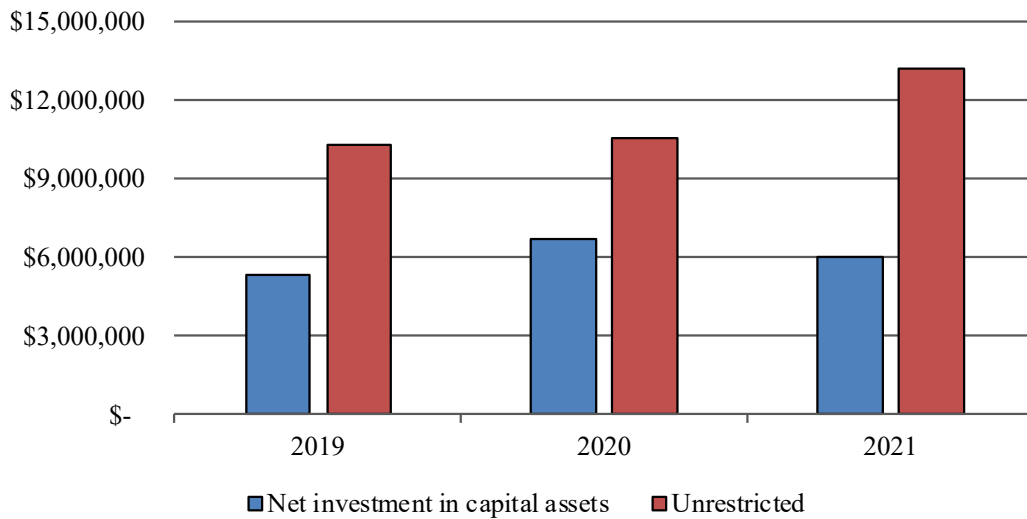
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*Historical Results – Continued*

**TOTAL NET POSITION**



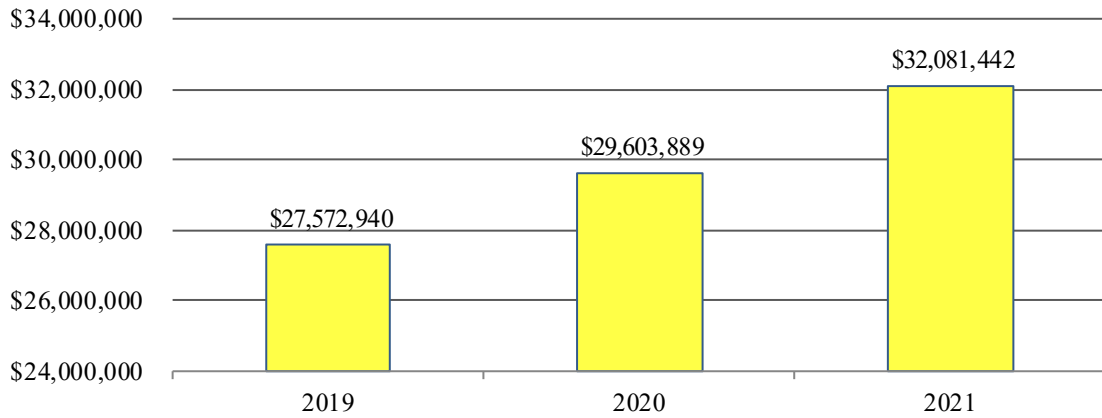
**TOTAL NET POSITION DETAIL**



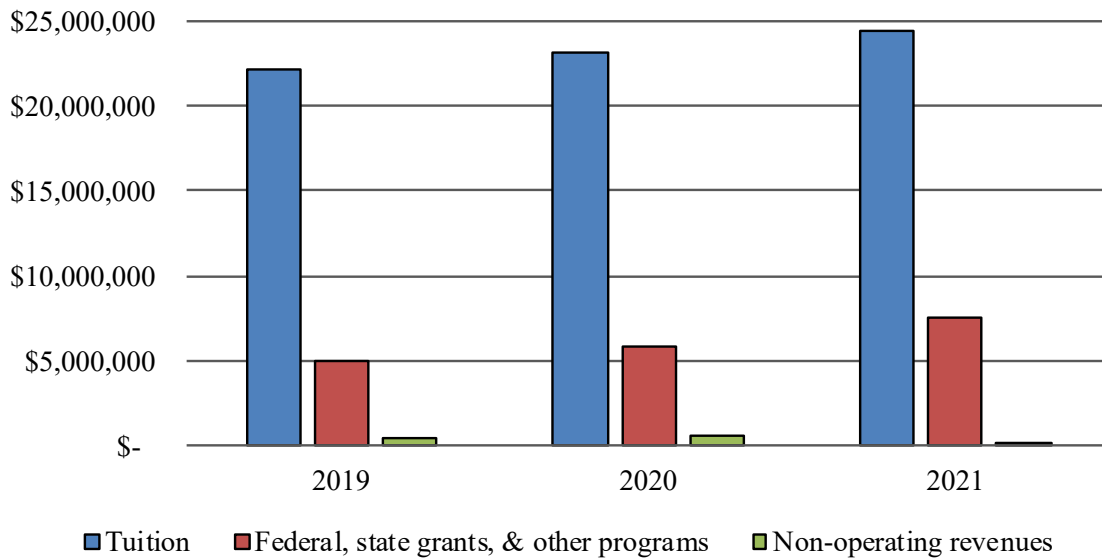
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*Historical Results – Continued*

**TOTAL REVENUE**



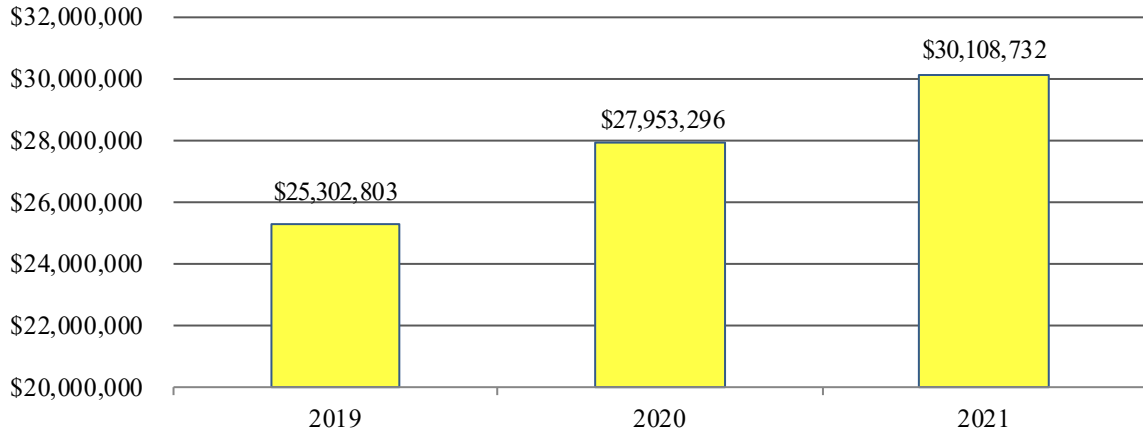
**REVENUE DETAIL**



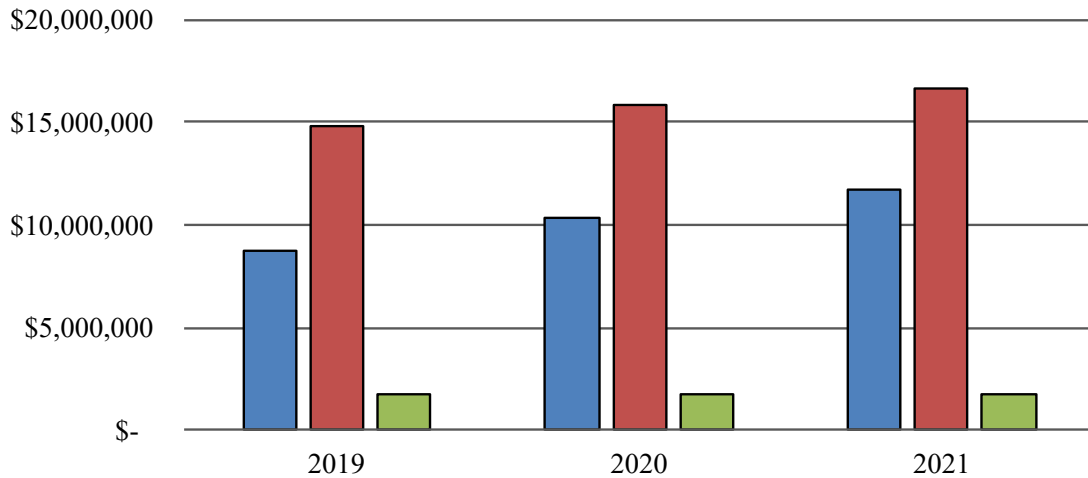
	2019	2020	2021
<b>Tuition</b>	\$ 22,077,132	\$ 23,094,839	\$ 24,431,842
<b>Enrollment</b>	1,619	1,658	1,688

*Historical Results – Continued*

**TOTAL EXPENSES**



**EXPENSE DETAIL**



■ Other operating costs ■ Salary, taxes and related benefits ■ Non-operating expenses

## *Discussion Items*

### **Fiscal Year 2022 Considerations**

- Continue monitoring debt covenants required by the bonds
- Extent of any additional Federal funding and effect on Uniform Guidance testing
- Prepayment of Eastern Bank bond
- GASB 87 – Leases – Effective for fiscal year 2022

### **Due Dates**

- Audit Report – November 1<sup>st</sup>
- Agreed Upon Procedures Report – November 1<sup>st</sup>
- Data Collection Form – 30 days after issuance of the audit report
- End of Year Report – December 1<sup>st</sup>
- Form 990 and Form PC for the Foundation – November 15<sup>th</sup>
  - Automatic 6-month extension is available